

## Message Text

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ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 IOE-00 EB-08 ABF-01 OMB-01  
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O R 291637Z MAR 77

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 1206

INFO AMEMBASSY PARIS

AMEMBASSY ROME

AMCONSUL MONTREAL

USMISSION GENEVA IMMEDIATE

USMISSION USUN NEW YORK

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GENEVA FOR US DEL TO GENEVA GROUP

EO 11652: N/A

TAGS: UNIDO, AORG, AFIN, UN

SUBJ: GENEVA GROUP XIV: UNIDO SPECIALIZED AGENCY CONSTITUTION

WOULD FACILITATE PROGRAM ANALYSIS APPROACH

REF: (A) GENEVA 2000; (B) STATE 61987; (C) VIENNA 2393

1. SUMMARY: THE POWERS OF THE PROGRAM BUDGET COMMITTEE (PBC) IN THE CONSTITUTION UNDER NEGOTIATION TO TRANSFORM THE UN INDUSTRIAL DEVELOPMENT ORGANIZATION (UNIDO) INTO A SPECIALIZED AGENCY MAKE THE UNIDO BUDGET ESSENTIALLY AN INTER-GOVERNMENTAL, LEGISLATIVE BUDGET. IN CONTRACT, THE BUDGETS OF ALL OTHER SPECIALIZED AGENCIES ARE ESSENTIALLY SECRETARIAT, EXECUTIVE BUDGETS. IF THE USG APPROPRIATELY STAFFS ITS MISSION IN VIENNA (AND POSSIBLY THE UNIDO BACK-STAFFING IN THE DEPT. AS WELL) WITH AN EXPERT IN INDUSTRIAL

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DEVELOPMENT AND BUDGET ANALYSIS, USG WOULD HAVE REAL OPPORTUNITY TO INFLUENCE BUDGET AS INTENDED PER REFTEL (B).

END SUMMARY.

2. USDEL TO FIFTH SESSION OF INTER-GOVERNMENTAL COMMITTEE OF WHOLE TO DRAW UP A CONSTITUTION FOR UNIDO AS A SPECIALIZED AGENCY (IGC-V) ANTICIPATES THAT FOLLOWING TEXT WILL

EMERGE FROM IGC-V AS THE BASIC PROCEDURE FOR BUDGET SUB-MISSION, ADOPTION, AND APPROVAL:

QTE: ARTICLE 11. PROGRAMME AND BUDGET . 1. THE DIRECTOR-GENERAL SHALL PREPARE AND SUBMIT TO THE PROGRAMME AND BUDGET COMMITTEE, AT A TIME SPECIFIED IN THE FINANCIAL REGULATIONS, A DRAFT PROGRAMME OF WORK FOR THE FOLLOWING FISCAL PERIOD, TOGETHER WITH THE CORRESPONDING ESTIMATES FOR THOSE ACTIVITIES TO BE FINANCED FROM THE REGULAR BUDGET. THE DIRECTOR-GENERAL SHALL, AT THE SAME TIME, SUBMIT PROPOSALS AND FINANCIAL ESTIMATES FOR THOSE ACTIVITIES TO BE FINANCED FROM VOLUNTARY CONTRIBUTIONS.

2. THE PROGRAMME AND BUDGET COMMITTEE SHALL CONSIDER THE PROPOSALS SUBMITTED TO IT BY THE DIRECTOR-GENERAL AND SUBMIT TO THE BOARD ITS PROPOSED PROGRAMME OF WORK AND CORRESPONDING ESTIMATES FOR THE REGULAR BUDGET AND OPERATIONAL BUDGET. .

3. THE BOARD SHALL EXAMINE THE PROPOSALS OF THE PROGRAMME AND BUDGET COMMITTEE AND ADOPT THE PROGRAMME OF WORK AND REGULAR BUDGET AND OPERATIONAL BUDGET WITH SUCH MODIFICATIONS AS IT DEEMS NECESSARY FOR SUBMISSION TO THE CONFERENCE FOR APPROVAL. .

4. (A) THE CONFERENCE SHALL APPROVE THE PROGRAMME OF WORK AND THE CORRESPONDING REGULAR BUDGET AND OPERATIONAL BUDGET SUBMITTED TO IT BY THE BOARD. .

END QTE.

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3. DEPT. AND U.S. DEL TO GENEVAL GROUP WILL NOTE THAT, AS IN ALL SPECIALIZED AGENCIES AND UN, DIRECTOR-GENERAL WOULD SUBMIT HIS BUDGET TO PBC AS STEP 1. IN UNIDO SPECIALIZED AGENCY STEP 2, HOWEVER, PBC WOULD PRESENT "ITS PROPOSED PROGRAM OF WORK AND CORRESPONDING ESTIMATES" TO THE INDUSTRIAL DEVELOPMENT BOARD (IDB).

4. THE PROGRAM BUDGET COMMITTEE IN A UNIDO SPECIALIZED AGENCY WOULD THUS BE CONSTITUTIONALLY GRANTED MORE POWER THAN THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTION (ACABQ) IS GRANTED IN THE UN CONTEXT. IN THE UN, THE FIFTH COMMITTEE (A COMMITTEE OF THE WHOLE) CONSIDERS THE PROGRAM OF WORK AND BUDGET ESTIMATES OF THE SECRETARY GENERAL (THE EXECUTIVE BUDGET) TOGETHER WITH THE RECOMMENDATIONS OF THE ACABQ (AN EXPERT BODY). IN CON-54- 5, THE INDUSTRIAL DEVELOPMENT BOARD (IDB) NOT A COMMITTEE OF THE WHOLE BUT RATHER COMPRISING LESS THAN ONE-HALF THE ANTICIPATED MEMBERSHIP--REFTEL (C)) WOULD

NOT CONSIDER THE PROGRAM OF WORK AND BUDGET ESTIMATES OF THE DIRECTOR GENERAL BECAUSE THIS STEP 1 EXECUTIVE BUDGET WOULD HAVE DISAPPEARED IN THE PROCESS OF THE PBC FORMULATING ITS OWN LEGISLATIVE BUDGET. THEREFORE THE IDB WILL CONSIDER ONLY THE PBC ESTIMATES (A LEGISLATIVE BUDGET NOT FROM EXPERTS BUT FROM AN INTER-GOVERNMENTAL GROUP).

5. IN FURTHER CONTRAST TO THE UN, AND TO THE FURTHER ADVANTAGE OF MAJOR CONTRIBUTORS, THE CONFERENCE OF TOTAL MEMBERSHIP IN STEP THREE WOULD HAVE POWER TO MODIFY THE PROGRAM OF WORK ONLY WITHIN THE IDB-ADOPTED TOTAL AND WITH STILL MORE SEVERELY LIMITED POWER TO INCREASE THE TOTAL.

6. INDICATIONS AT THIS STAGE OF IGC-V ARE THAT IT MAY BE POSSIBLE TO NEGOTIATE A PBC WITH GROUP B AND GROUP D RESPECTIVE VOTING POWER OF 32PERCENT AND 11PERCENT AND IDB GROUP B AND GROUP D RESPECTIVE VOTING POWER OF 29PERCENT AND 11 PERCENT  
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(REFTEL C).

7. USG MIGHT WISH TO PRESS ADVANTAGES OF PBC CONSTITUTIONALLY GRANTED POWER BY ENCOURAGING PBC MEETINGS WITH SUFFICIENT TIME TO EXAMINE BUDGET WORKSHEETS OF SECRETARIAT. PRESENT STAFFING OF U.S. MISSION TO UNIDO HAS ALLOWED ONLY EXAMINATION OF UNIDO PROGRAM/BUDGET WHICH, AS DEPT. KNOWS, IS DRAWN UP IN SUMMARY FASHION, BUT NOT OF UNDERLYING WORKSHEETS.

8. IF GENEVA GROUP WISHES MORE INFORMATION ON THESE ARRANGEMENTS, ACABQ EXPERT FROM JAPAN WHO IS NOW IN GENEVA, MR. YASUSHI AKASHI, HAS ATTENDED ENTIRE IGC-V SESSION IN VIENNA. STIBRAVY

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